

BRADLEY COUNTY "911"
EMERGENCY COMMUNICATIONS DISTRICT

AUDIT REPORT

TWELVE MONTHS ENDED JUNE 30, 2015

BRADLEY COUNTY "911"
EMERGENCY COMMUNICATIONS DISTRICT

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June 30, 2015

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BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF BOARD OF DIRECTORS AND MANAGEMENT
June 30, 2015

Danny Lawson, Chairman

Janice Casteel, Treasurer

Gary Davis, Member

Tom Rowland, Member

Connie Spencer, Member

Troy Spence, Member

John England, Member

Terry Forshee, Member

Troy Maney, Member

Johnny Stokes, Member

Mark Gibson, Member

Ron Harrison, Member

Eric Watson, Member

HARTING, BISHOP & ARRENDALE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

KELVIN W. BISHOP, CPA
THOMAS H. ARRENDALE, CPA, MBA
JANICE L. HAYES, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bradley County "911" Emergency
Communications District

Report on the Financial Statements

We have audited the accompanying financial statements of Bradley County "911" Emergency Communications District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bradley County "911" Emergency Communications District as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 in the year ended June 30, 2015, the District adopted new accounting guidance related to the manner in which it accounts for pensions. The District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which became effective in fiscal year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6, schedule of changes in net pension liability (asset) and related ratios based on the participation in the public employee pension plan of TCRS on page 25, schedule of contributions based on participation in the public employee pension plan of TCRS on page 26, and the schedule of postemployment benefits funding progress on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bradley County "911" Emergency Communications District's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015, on our consideration of the Bradley County "911" Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bradley County "911" Emergency Communications District's internal control over financial reporting and compliance.

Harting, Bishop & Arrendale, PLLC

Cleveland, Tennessee

October 22, 2015

Bradley County 911 Communications Center

Joe Wilson
Director

Management's Discussion and Analysis

Our discussion and analysis of the Bradley County 911 Emergency Communications District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. This should be read in conjunction with the District's financial statements, which may be found elsewhere in this document.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the District as a whole and present an overview of the District's finances.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any entity's finances is: "How did the District do financially this year?" The statement of net position and statement of revenues, expenses and changes in net position report information in a way that helps answer this question. These statements include all assets and liabilities using accrual basis accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. Net position - the difference between assets and liabilities -- is one way to measure the District's financial health, or its financial position. Over time, increases or decreases to the District's net position are an indicator of whether its financial health is improving or deteriorating. An analysis of net position and changes in net position is as follows:

	<u>2015</u>	<u>2014</u>
Net Position		
Current assets	\$ 2,886,871	\$ 2,673,543
Capital assets	<u>536,578</u>	<u>625,599</u>
Total assets	<u>3,423,449</u>	<u>3,299,142</u>
Deferred outflows of resources	<u>103,170</u>	<u>-</u>
Current liabilities	(120,992)	(107,626)
Long-term liabilities	<u>(659,796)</u>	<u>(530,523)</u>
Total liabilities	<u>(780,788)</u>	<u>(638,149)</u>
Deferred inflows of resources	<u>(134,320)</u>	<u>-</u>
Net Position	<u>\$ 2,611,511</u>	<u>\$ 2,660,993</u>
Summary of net position - Investment in capital assets	536,578	625,599
Unrestricted	<u>2,074,933</u>	<u>2,035,394</u>
Total Net Position	<u>\$ 2,611,511</u>	<u>\$ 2,660,993</u>
Change in Net Position		
Operating revenues	\$ 1,154,824	\$ 1,231,922
Operating expenses	<u>2,309,442</u>	<u>2,397,848</u>
Operating loss	(1,154,618)	(1,165,926)
Non-operating income	<u>1,105,136</u>	<u>1,289,917</u>
Change in Net Position	(49,482)	123,991
Net Position - beginning, as restated	<u>2,660,993</u>	<u>2,537,002</u>
Net Position - ending	<u>\$ 2,611,511</u>	<u>\$ 2,660,993</u>

Analysis of Financial Position and Results of Operations

The District's net position has decreased by \$49,482 over the previous year. Operating revenue decreased 6.26% due to the insurance proceeds from a lightning strike that were received during FYE June 30, 2014 and a decrease in TECB funding received. Operating expenses decreased 3.69% due to decreases in benefits, contracted services, supplies, and depreciation.

The District's Net Position

The District completed the year with net position of \$2,611,511, a decrease of \$49,482 over the previous year.

Budgetary Highlights

In order to prevent budget overruns, the final budget was amended. The significant changes were to TECB operational funding, TECB grants and reimbursements, dispatcher salary expenses, retirement/pension expenses and postemployment health benefit expense.

Capital Assets

At the end of the accounting period, the District had \$536,578 in capital assets such as communication and office equipment, furniture and fixtures and building and improvements. This amount represents a decrease of \$89,021 or 14.23%. This decrease is primarily due to the depreciation on the Nextgen 911 equipment.

Financial Activity and Plans for Future Needs

The District made major improvements to the building security. In cooperation with Cleveland Utilities, we added fencing to the west side of the building and around the tower base at the rear. We installed additional security cameras on the EMA side of the building. The District and EMA identified and corrected several other security issues. The District upgraded workstation computers and monitors in the dispatch room. These upgrades significantly improved the speed of the computers for Computer Aided Dispatch (CAD), mapping and other increasingly complex applications requiring more and faster processing power.

For the upcoming fiscal year, the District will continue to assess and improve facility security.

Joseph B. Wilson, Jr.
Director

FINANCIAL SECTION

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,577,424
Certificates of deposit	131,364
Accounts receivable	1,497
Accrued interest receivable	227
Prepaid expense	516
Net pension asset	<u>175,843</u>
Total Current Assets	<u>2,886,871</u>

Capital Assets

Furniture and fixtures	156,302
Office equipment	76,789
Communications equipment	1,903,116
Leasehold improvements	<u>82,336</u>
Total Capital Assets	2,218,543
Accumulated Depreciation	<u>(1,681,965)</u>
Capital Assets, net	<u>536,578</u>
Total Assets	<u>3,423,449</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension changes in experience	22,189
Pension contributions after measurement date	<u>80,981</u>
Total Deferred Outflows of Resources	<u>103,170</u>

Total Assets and Deferred Outflows of Resources	<u><u>\$ 3,526,619</u></u>
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LIABILITIES

Current Liabilities

Accounts payable	17,346
Accrued payroll	36,655
Compensated absences	<u>66,990</u>
Total Current Liabilities	120,992

Long-term Liabilities

Postemployment benefits obligations	<u>659,796</u>
Total Liabilities	<u>780,788</u>

DEFERRED INFLOWS OF RESOURCES

Pension changes in investment earnings	<u>134,320</u>
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NET POSITION

Investment in capital assets	536,578
Unrestricted	<u>2,074,933</u>
Total Net Position	<u>\$ 2,611,511</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 3,526,619</u></u>
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The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2015

OPERATING REVENUES

Emergency telephone service charge	\$ 191,492
TECB - shared wireless charge	135,592
TECB - operational funding	779,277
Tower rental income	30,300
Cleveland State income	17,863
Miscellaneous income	<u>300</u>
Total Operating Revenues	<u>1,154,824</u>

OPERATING EXPENSES

Salaries and Wages	
Director	77,826
Administrative personnel	246,143
Dispatchers	751,353
Overtime	79,104
Bonuses	4,454
Supplemental pay	3,763
Longevity pay	10,700
Sold vacation pay	8,047
College pay	<u>750</u>
Total Salaries and Wages	<u>1,182,140</u>

Employee Benefits

Social security	85,964
Life insurance	11,805
Medical insurance	204,442
Dental insurance	11,656
Vision Insurance	3,510
Retirement/pension expense	42,502
Other fringe benefits	4,067
Postemployment health benefit expense	<u>129,273</u>
Total Employee Benefits	<u>493,219</u>

Contracted Services

Advertising	1,099
Audit services	8,500
Administrative fees - service charge	5,735
Fees paid to service providers	62,723
Impact payments	84,550
Janitorial services	7,900
Legal services	5,920

(Continued on next page)

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2015

(continued from previous page)

NCIC/TBI/TIES expenses	10,500
Lease/Rental - buildings and facilities	2,400
Computer system administration	92,559
Maintenance and repairs - communications equipment	82,344
Maintenance and repairs - buildings and facilities	8,860
Maintenance and repairs - office equipment	5,747
Total Contracted Services	<u>378,837</u>
Supplies and Materials	
Office supplies	9,742
Custodial supplies	4,630
Postage	668
Small equipment purchases	8,989
Uniforms and shirts	1,076
Utilities - electric	14,658
Utilities - general telephone	18,872
Utilities - cell phone and pagers	11,165
Total Supplies and Materials	<u>69,800</u>
Other Charges	
Dues and memberships	3,862
Employee testing and exams	5,825
Insurance - workers compensation	4,089
Insurance - liability	7,447
Insurance - buildings and content	7,705
Insurance - equipment	2,259
Insurance - vehicles	466
License and fees	198
Premiums on surety bonds	2,325
Service awards	905
Training expense	10,342
Travel expenses	16,697
Other charges	2,468
Total Other Charges	<u>64,588</u>
Depreciation	
Depreciation expense	<u>120,858</u>
Total Depreciation	<u>120,858</u>
Total Operating Expenses	<u>2,309,442</u>
Operating Loss	<u>(1,154,618)</u>

(Continued on next page)

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2015

(continued from previous page)

NON-OPERATING REVENUES (EXPENSES)

Interest income	3,691
TECB grants and reimbursement	192,355
Contributions from primary government	900,000
Contributions from other governments and agencies	<u>9,090</u>
Non-Operating Revenue (Expenses)	<u>1,105,136</u>
 Change in Net Position	 (49,482)
 Net Position, beginning, as restated	 <u>2,660,993</u>
 Net Position, ending	 <u><u>\$ 2,611,511</u></u>

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

Cash Flows from Operating Activities	
Cash received from surcharges and other revenues	\$ 1,192,797
Cash payments to suppliers for goods and services	(508,721)
Cash payments for payroll, taxes and related benefits	<u>(1,574,040)</u>
Net Cash Used by Operating Activities	<u>(889,964)</u>
Cash Flows from Noncapital Financial Activities	
Grants/Reimbursement TECB	192,355
Contributions from primary government	900,000
Contributions from other governments	<u>9,090</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,101,445</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	<u>(31,837)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(31,837)</u>
Cash Flows from Investing Activities	
Interest income received	<u>3,691</u>
Net Cash Provided by Investing Activities	<u>3,691</u>
Net Increase in Cash and Cash Equivalents	183,335
Cash and Cash Equivalents at Beginning of Year	<u>2,394,089</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,577,424</u>

(Continued on next page)

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Operating loss	\$ (1,154,618)
Adjustments to reconcile net income (loss) to net cash	
provided (used) by operating activities	
Depreciation expense	120,858
Change in assets and liabilities:	
Decrease in receivables	37,972
Decrease in prepaid expenses	1,664
Increase in net pension asset	(69,631)
Increase in deferred outflows	(103,170)
Increase in accounts payable	6,067
Increase in accrued payroll	2,694
Increase in compensated absences	4,605
Increase in postemployment health benefit liabilities	129,275
Increase in deferred inflows	<u>134,320</u>
Net Cash Used by Operating Activities	<u>\$ (889,964)</u>

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - General Information

Public Chapter No. 867 of the 1984 Tennessee Public Acts ("The Emergency Communications District Law") was enacted to establish local emergency telephone services; to provide for the funding of such services and such district; and to provide for the levying of a telephone service charge. On July 1, 2001, the Cleveland/Bradley Communications Center and the Bradley County "911" Emergency Communications District, each originally created to serve such functions, merged to form one emergency communication entity. The District is an agency of the City of Cleveland, the City of Charleston, and Bradley County, Tennessee, from which it receives additional revenues.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting

The District is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the District uses the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of timing of related cash flows. Operating revenues are those that result from the activities of the District, including telephone service charges, expense reimbursements, and grants for operations. Revenue from other sources is considered non-operating.

Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments which have original maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Expenditures for capital assets are recorded at historical cost. Capital assets are depreciated using the straight-line method. The District generally capitalizes assets with a cost of \$500 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2 - Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and fixtures	5-25
Office Equipment	5-10
Communication equipment	5-10
Leasehold improvements	7-20

Joint Venture

Bradley County "911" Emergency Communications District is a joint venture between Bradley County, Tennessee and the Cities of Cleveland and Charleston, Tennessee. The District assists emergency service agencies in the saving of lives, protection of property, and swift apprehension of criminals for all citizens of Bradley County. The board consists of ten ex-officio members including: the County Mayor, the City of Cleveland Mayor, the City of Charleston Police Chief, the County Sheriff, the Cleveland Police Chief, the Cleveland Fire Chief, the Director of Emergency Medical Services, the Director of the Emergency Management Agency, Cleveland City Manager and Bradley County Fire Chief, along with three persons appointed by the County Mayor with the approval of the County Commission and the City of Cleveland Council.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the District. Up to thirty days vacation may be carried forward into the following calendar year. Any excess accumulated vacation days are converted to sick leave. Each employee also has the option annually to convert up to 5 unused vacation days to cash. Employees are entitled to their accrued vacation leave upon termination of service. Compensated absences are reported as accrued in the District's financial statements.

Budgets and Budgetary Accounting

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Bradley County "911" Emergency Communications District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 - Cash on Deposit

The treasurer of the District is responsible for receiving, disbursing, depositing and investing the District's funds. The District's policy related to deposits and investment risk is to invest in certificates of deposit usually with a maturity of three years or less. The District's policy is designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws. All deposits with a bank or other financial institution shall be secured by collateral or in a collateral pool as allowed by state statutes. As of June 30, 2015 all deposits with financial institutions were secured by collateral or by State of TN Bank collateral pool.

A schedule of cash and investments classified by category of credit risk at June 30, 2015 is as follows:

	Carrying Amount	Bank Balance
Cash, insured by Federal Depository Insurance (FDIC)	\$ 250,000	\$ 250,000
Cash, collateralized by the State of TN Bank Collateral Pool	2,327,374	2,357,834
Certificates of Deposit, insured by FDIC	131,364	131,364
Petty Cash	50	50
Total	<u>\$ 2,708,788</u>	<u>\$ 2,739,248</u>

NOTE 4 - Capital Assets

The following is a schedule of changes to capital assets:

	June 30, 2014	Additions	Retirements	June 30, 2015
Furniture and fixtures	\$ 156,302	\$ -	\$ -	\$ 156,302
Office equipment	76,789	-	-	76,789
Communications equipment	1,880,919	22,197	-	1,903,116
Leasehold improvements	72,696	9,640	-	82,336
Total	<u>\$ 2,186,706</u>	<u>\$ 31,837</u>	<u>\$ -</u>	<u>\$ 2,218,543</u>

	Accumulated Depreciation June 30, 2014	Additions	Retirements	Accumulated Depreciation June 30, 2015
Furniture and fixtures	\$ 93,146	\$ 14,428	\$ -	\$ 107,574
Office equipment	62,685	4,289	-	66,974
Communications equipment	1,350,196	98,452	-	1,448,648
Leasehold improvements	55,080	3,689	-	58,769
Total	<u>\$ 1,561,107</u>	<u>\$ 120,858</u>	<u>\$ -</u>	<u>\$ 1,681,965</u>

Provision for depreciation totaled \$120,858 for the year ended June 30, 2015.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - Accounts Receivable

The account receivable balance represents a utilities disbursement due from another department of Bradley County at June 30, 2015.

NOTE 6 - Risk Management - Claims and Insurance

Significant losses are covered by commercial insurance for property, liability, and employee dishonesty. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current or the three prior years.

NOTE 7 - Lease Commitments

The District leases the land on which the communications center is located from Cleveland Utilities. The lease agreement provides that the annual rental shall be in the amount of \$1 per year payable in advance. The term of the lease, which originated October 25, 1996, is for a period of twenty years. The District has the option to renew the lease for one additional period of twenty years under the same terms and conditions as the original lease.

NOTE 8 - Impact Payments

The building used as the communications center for the District is owned by the City of Cleveland, Tennessee. The City issued bonds in the amount of \$1.1 million to finance the construction of the communications center and purchase of necessary equipment. Under the terms of the bond resolution, the City must own the building. The District will make impact payments to the City in the amount of the annual debt service requirements on the bonds. Impact payments for the year ended June 30, 2015 totaled \$84,550.

NOTE 9 - Retirement Plan

General Information about the Pension Plan

Plan Description - Employees of Bradley County "911" Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided - Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related Bradley County "911" Emergency Communications District 89140 2 and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – Retirement Plan (continued)

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	21
Active employees	<u>27</u>
	<u>54</u>

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees do not contribute to the plan. Bradley County "911" Emergency Communications District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Bradley County "911" Emergency Communications District were \$80,981 based on a rate of 7.02% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Bradley County "911" Emergency Communications District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Bradley County "911" Emergency Communications District's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – Retirement Plan (continued)

Actuarial Assumptions - The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – Retirement Plan (continued)

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Bradley County "911" Emergency Communications District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – Retirement Plan (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/13	\$ 1,829,821	\$ 1,792,095	\$ 37,726
Changes for the year:			-
Service cost	69,191	-	69,191
Interest	141,377	-	141,377
Differences between expected and actual experience	25,359	-	25,359
Contributions - employer	-	143,940	(143,940)
Net investment income	-	306,616	(306,616)
Benefit payments, including refunds of employee contributions	(27,967)	(27,967)	-
Administrative expense	-	(1,060)	1,060
Net changes	<u>207,960</u>	<u>421,529</u>	<u>(213,569)</u>
Balance at 6/30/14	<u>\$ 2,037,781</u>	<u>\$ 2,213,624</u>	<u>\$ (175,843)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate - The following presents the net pension liability (asset) of Bradley County "911" Emergency Communications District calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1- percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Bradley County "911" Emergency Communications District's net pension liability (asset)	\$ 250,697	\$ (175,843)	\$ (513,926)

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – Retirement Plan (continued)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense - For the year ended June 30, 2015, Bradley County "911" Emergency Communications District recognized pension expense of \$42,502.

Deferred outflows of resources and deferred inflows of resources - For the year ended June 30, 2015, Bradley County "911" Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,189	\$ -
Net difference between projected and actual earnings on pension plan investments	-	134,320
Contributions subsequent to the measurement date of June 30, 2014	80,981	-
Total	<u>\$ 103,170</u>	<u>\$ 134,320</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2016	\$ (30,410)
2017	(30,410)
2018	(30,410)
2019	(30,410)
2020	3,170
Thereafter	6,340

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan - At June 30, 2015, Bradley County "911" Emergency Communications District had no outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 – Postemployment Benefits

Plan Description

The District provides postretirement medical, dental and life insurance benefits to employees who retire from the District with 25 years of service, or age 55 with 10 years of service. Medical benefits are provided using a point of service (POS) plan through Blue Cross/Blue Shield. Dental benefits are provided using a preferred provider organization (PPO) through Blue Cross/Blue Shield. Boston Mutual Life Insurance provides life insurance benefits. The following schedule applies to employees with over 10 years of service. If the retiree has family coverage the District will pay half the difference between the cost of the family plan and the cost of the individual plan.

<u>Years of Service At Retirement</u>	<u>Percentage of Premium Paid by Participant</u>
<15	100.00%
15	50.00%
16	46.67%
17	40.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	3.33%
30+	0.00%

Funding Policy and Annual OPEB Cost

The District's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Districts annual OPEB cost for the current year are as follows:

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 – Postemployment Benefits (continued)

Annual Required Contribution (ARC)	\$148,879
Interest on net OPEB obligation	21,221
Adjust to annual required contribution	<u>(25,824)</u>
Annual OPEB cost (expense)	144,276
Contribution made	<u>(15,003)</u>
Increase in net OPEB obligation	129,273
Net OPEB obligation – June 30, 2014	<u>530,523</u>
Net OPEB obligation – June 30, 2015	<u><u>\$659,796</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the next OPEB obligation for 2015 is as follows:

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
6/30/13	\$115,847	4.4%	\$406,287
6/30/14	\$136,928	9.3%	\$530,523
6/30/15	\$144,276	10.4%	\$659,796

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 1,062,660
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 1,062,660</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 1,143,954
UAAL as a percentage of covered payroll	92.89%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 – Postemployment Benefits (continued)

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing the costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00% funding interest rate. The 2013 medical cost trend rate used was 9% with an ultimate medical cost trend rate of 5% projected to be reached in 2017. The annual payroll growth rate is assumed to be 2.5%. The remaining amortization period for the unlimited actuarial accrued liability as of June 30, 2015 is 24.32 years.

NOTE 11 – Change in Accounting Principle

The District implemented GASB 68 for pensions as of June 30, 2015. The implementation resulted in recognizing a net pension asset as of June 30, 2014 and an increase of net position of \$106,214.

REQUIRED SUPPLEMENTARY
INFORMATION

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
June 30, 2015

	2014
Total pension liability	
Service cost	\$ 69,191
Interest	141,377
Changes in benefit terms	-
Differences between actual & expected experience	25,359
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(27,967)
Net change in total pension liability	207,960
Total pension liability-beginning	1,829,821
Total pension liability-ending (a)	\$ 2,037,781
 Plan fiduciary net position	
Contributions-employer	\$ 143,940
Contributions-employee	-
Net investment income	306,616
Benefit payments, including refunds of employee contributions	(27,967)
Administrative expense	(1,060)
Net change in plan fiduciary net position	421,529
Plan fiduciary net position-beginning	1,792,095
Plan fiduciary net position-ending (b)	\$ 2,213,624
 Net Pension Liability (asset)-ending (a) – (b)	\$ (175,843)
 Plan fiduciary net position as a percentage of total pension liability	108.63%
 Covered-employee payroll	\$ 1,127,172
 Net pension liability (asset) as a percentage of covered-employee payroll	15.60%

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE
PENSION PLAN OF TCRS
June 30, 2015

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 143,940	\$ 80,981
Contributions in relation to the actuarially determined contribution	143,940	80,981
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll	 \$ 1,127,172	 \$ 1,153,580
Contributions as a percentage covered employee payroll	12.77%	7.02%

Notes to Schedule

Valuation date

Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	1 year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
 SCHEDULE OF POSTEMPLOYMENT BENEFITS FUNDING PROGRESS
 June 30, 2015

Postemployment Benefits

(Dollar amounts in thousands)

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL <u>(b) – (a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
07/01/09	\$0	\$632	\$632	0.00%	\$1,134	55.73%
07/01/11	\$0	\$697	\$697	0.00%	\$1,185	58.82%
07/01/13	\$0	\$1,063	\$1,063	0.00%	\$1,144	92.92%

SUPPLEMENTARY INFORMATION

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
BUDGET COMPARISON SCHEDULE
For the Year Ended June 30, 2015

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance (Over) Under
<u>OPERATING REVENUES</u>			
Emergency telephone service charge	\$ 191,492	\$ 289,385	\$ 97,893
TECB - shared wireless charge	135,592	135,591	(1)
TECB - operational funding	779,277	779,277	-
Tower rental income	30,300	30,300	-
Cleveland State income	17,863	17,600	(263)
Miscellaneous income	300	300	-
Total Operating Revenues	<u>1,154,824</u>	<u>1,252,453</u>	<u>97,629</u>
<u>OPERATING EXPENSES</u>			
<u>Salaries and Wages</u>			
Director	77,826	78,500	674
Administrative personnel	246,143	247,000	857
Dispatchers	751,353	782,400	31,047
Overtime	79,104	77,500	(1,604)
Bonuses	4,454	4,700	246
Supplemental pay	3,763	5,200	1,437
Longevity pay	10,700	11,300	600
Sold vacation pay	8,047	8,100	53
College pay	750	750	-
Total Salaries and Wages	<u>1,182,140</u>	<u>1,215,450</u>	<u>33,310</u>
<u>Employee Benefits</u>			
Social security	85,964	93,000	7,036
Life insurance	11,805	15,200	3,395
Medical insurance	204,442	247,100	42,658
Dental insurance	11,656	13,400	1,744
Vision insurance	3,510	5,400	1,890
Unemployment compensation	-	1,000	1,000
Retirement/pension expense	42,502	85,300	42,798
Other fringe benefits	4,067	7,800	3,733
Postemployment health benefit expense	129,273	130,000	727
Total Employee Benefits	<u>493,219</u>	<u>598,200</u>	<u>104,981</u>

(Continued on next page)

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
BUDGET COMPARISON SCHEDULE
For the Year Ended June 30, 2015
(continued from previous page)

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance (Over) Under
<u>Contracted Services</u>			
Advertising	1,099	1,500	401
Audit services	8,500	9,000	500
Administrative fees - service charge	5,735	13,900	8,165
Fees paid to service providers	62,723	75,000	12,277
Impact payments	84,550	85,000	450
Janitorial services	7,900	9,000	1,100
Pest Control	-	500	500
Legal services	5,920	9,000	3,080
NCIC/TBI/TIES expenses	10,500	10,800	300
Lease/Rental - buildings & facilities	2,400	2,400	-
Computer system administration	92,559	109,000	16,441
Maint and repairs - comm equip	82,344	89,000	6,656
Maint and repairs - bldg & facility	8,860	14,500	5,640
Maint and repairs - office equip	5,747	8,000	2,253
Total Contracted Services	<u>378,837</u>	<u>436,600</u>	<u>57,763</u>
<u>Supplies and Materials</u>			
Office supplies	9,742	13,100	3,358
Custodial supplies	4,630	5,000	370
Postage	668	800	132
Small equipment purchases	8,989	13,000	4,011
Uniforms and shirts	1,076	2,500	1,424
Utilities - electric	14,658	17,600	2,942
Utilities - general telephone	18,872	21,000	2,128
Utilities - cell phone and pagers	11,165	15,000	3,835
Total Supplies and Materials	<u>69,800</u>	<u>88,000</u>	<u>18,200</u>
<u>Other Charges</u>			
Dues and memberships	3,862	4,000	138
Employee testing and exams	5,825	6,500	675
Insurance - workers compensation	4,089	5,000	911
Insurance - liability	7,447	8,000	553
Insurance - buildings and content	7,705	8,000	295
Insurance - equipment	2,259	2,500	241
Insurance - vehicles	466	500	34
Licenses and fees	198	300	102

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
BUDGET COMPARISON SCHEDULE
For the Year Ended June 30, 2015
(continued from previous page)

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance (Over) Under
<u>Other Charges (continued)</u>			
Premiums on surety bonds	2,325	2,400	75
Service awards	905	1,000	95
Training expense	10,342	12,000	1,658
Travel expenses	16,697	20,000	3,303
Other charges	2,468	3,300	832
Total Other Charges	<u>64,588</u>	<u>73,500</u>	<u>8,912</u>
<u>Depreciation</u>			
Depreciation expense	<u>120,858</u>	<u>143,000</u>	<u>22,142</u>
Total Depreciation	<u>120,858</u>	<u>143,000</u>	<u>22,142</u>
 Total Operating Expenses	 <u>2,309,442</u>	 <u>2,554,750</u>	 <u>245,308</u>
 Operating Loss	 <u>(1,154,618)</u>	 <u>(1,302,297)</u>	 <u>147,679</u>
<u>NON-OPERATING REVENUES / (EXPENSES)</u>			
Interest income	3,691	4,640	949
TECB grants and reimbursement	192,355	94,490	(97,865)
Contributions from primary government	900,000	900,000	-
Contributions from other governments	9,090	9,090	-
Non-Operating Revenue / Expense	<u>1,105,136</u>	<u>1,008,220</u>	<u>(96,916)</u>
 Change in Net Position	 <u>\$ (49,482)</u>	 <u>\$ (294,077)</u>	 <u>\$ 244,595</u>

INTERNAL CONTROL
AND COMPLIANCE SECTION

HARTING, BISHOP & ARRENDALE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Bradley County "911" Emergency
Communications District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bradley County "911" Emergency Communications District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Bradley County "911" Emergency Communications District's basic financial statements, and have issued our report thereon dated October 22, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bradley County "911" Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bradley County "911" Emergency Communications District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bradley County "911" Emergency Communications District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

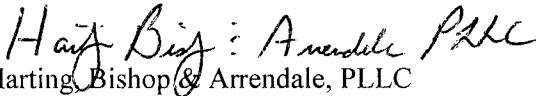
As part of obtaining reasonable assurance about whether Bradley County “911” Emergency Communications District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 2014-1.

Bradley County “911” Emergency Communications District’s Response to Findings

Bradley County “911” Emergency Communications District’s response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Bradley County “911” Emergency Communications District’s response was not subjected to auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Harting Bishop & Arrendale, PLLC

Cleveland, Tennessee
October 22, 2015

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2015

The findings and recommendations as a result of the audit of Bradley County "911" Emergency Communications District are presented below. This finding is repeated from the prior year.

2014-1: Budget

Condition and Criteria: The District is required to maintain expenditures within budget amounts. Budget line items were over expended.

Effect: District has made expenditures in excess of the amounts budgeted.

Cause: The District had one account with expenditures in excess of the budgeted amount.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget.

Management Response: We agree with the auditors' findings and recommendations and have implemented budget procedures to ensure expenditures are budgeted and budgets are properly amended.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2015

2014-1: Budget

Condition and Criteria: The District is required to maintain expenditures within budget amounts. Budget line items were over expended.

Effect: District has made expenditures in excess of the amounts budgeted.

Cause: The District had one account that had expenditures in excess of the budgeted amount.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget.

Current Status: The finding is repeated for the year ended June 30, 2015.